

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 19524
[REDACTED])	
Petitioner.)	DECISION
)	
)	

On September 16, 2005, the Tax Discovery Bureau (TDB) of the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination (NOD) [Redacted](Petitioner) asserting income tax and interest in the amount of \$15,202 for the 2000 through 2003 taxable years. The NOD advised the Petitioner that, if he disagreed with the deficiency determined by the TDB, he could petition the Tax Commission for a redetermination.

On September 28, 2005, the Petitioner sent a document titled, "Conditional Acceptance for Value on Liability to Title 26 . . ." which the Commission treated as a protest and petition for redetermination. In a letter dated August 15, 2006, the Commission notified the Petitioner that he could meet with a Commissioner or a designee in an informal conference to discuss the deficiency determined by the TDB or, in the alternative, submit additional information to show why the deficiency should be redetermined. The Petitioner did not respond and did not submit any additional information for the Tax Commission to consider.

This decision is based on the information contained in the Commission's files. The Commission has reviewed the file, is advised of its contents, and now issues this decision. For the reasons set forth below, the Commission affirms the deficiency determined by the TDB with interest updated through March 1, 2007.

I. FACTS

The Petitioner was an Idaho resident and did not file Idaho income tax returns for the 2000 through 2003 taxable years. Based on information obtained by the Tax Discovery Bureau of the

Idaho State Tax Commission, it appears that the Petitioner has an Idaho income tax filing requirement for the years in question. Information received from a truck loan application dated March 25, 2005, shows that the Petitioner claimed to have earned income of \$8,000 per month (\$96,000 per year).

Based on the loan application information, the Tax Discovery Bureau prepared provisional returns for the Petitioner. The TDB provided the Petitioner with personal deductions and exemptions and grocery credits. Once completed, the provisional returns showed a tax deficiency existed for each of the years at issue. The TDB then issued a Notice of Deficiency Determination which included a description of the information relied upon, a copy of the provisional returns, a document showing the calculation of interest, and an explanation of the Petitioner's right to request a redetermination of the deficiency.

The Petitioner sent a letter in response to the Notice of Deficiency Determination which was treated as a letter of protest. He did not request an informal conference. The Petitioner's letter of protest was titled "Conditional Acceptance for Value on Liability to Title 26 and Status of Taxpayer—Request for Proof of Claim—Agreement and Commercial Discharge of Tax—with Power of Attorney for Letter of Determination." Based on this correspondence, it appears that the Petitioner holds a mistaken belief that he is not a person to whom the Internal Revenue Code applies or to whom the federal or state government has any authority to subject to income tax. The Petitioner asks that the Tax Commission provide several proofs of claim including proof that the Internal Revenue Code was lawfully enacted and proof that the Petitioner has been afforded due process.

II. ANALYSIS

In his protest, the Petitioner has requested that the Tax Commission provide several "proofs of claim." The Petitioner is essentially challenging the ability of state and federal government to tax

its citizens. He has set forth basic tax protester arguments (i.e., he is not a citizen of the State of Idaho but is a sovereign citizen; the Internal Revenue Service was not lawfully enacted by Congress; he is not subject to the U.S. Constitution; etc.).

The arguments set forth by the Petitioner are not new and have long been settled by the courts. The Petitioner is a resident of the state of Idaho and appears to have gross income in excess of the minimum filing amounts for the years in question. Therefore, the Petitioner is required under Idaho's income tax laws to report and pay taxes on his income. Idaho Code §§ 63-3024 and 63-3030(a)(1). In addition, the fact the Petitioner is a resident of Idaho is sufficient to confer jurisdiction over him for purposes of Idaho individual income taxation. Domicile itself affords a basis for income taxation. *New York ex rel. Cohn v. Graves*, 300 U.S. 308, 312-13 (1937). Enjoyment of the privileges of residency in the state and the attendant right to invoke the protections of its laws are inseparable from responsibility for sharing the costs of government. *Id.* at 313.

The Tax Commission has provided evidence of income from a statement made by the Petitioner on a truck loan application. The Tax Commission prepared provisional returns for the Petitioner based on the best available income information. Provisional returns prepared by the Tax Commission are presumed to be correct. *Parsons v. Idaho State Tax Comm'n*, 110 Idaho 572, 574 n.2 (Ct. App. 1986); *see also Albertson's, Inc. v. State Dep't of Revenue*, 106 Idaho 810, 814, 683 P.2d 846,850 (1984). Thus, the burden is on the taxpayer to prove that the truck loan application information should not be used to generate the provisional returns.

The Tax Commission has shown that it relied upon the Petitioner's statement in the loan application. The Petitioner has not refuted that statement nor provided any information to show that the income statement in the loan application is not a correct representation of his income for the taxable years at issue. The Petitioner has been given ample opportunity to refute the determination of the Tax Commission based on the loan application. Therefore, based on the information

available, the Tax Commission finds the provisional returns to be a fair representation of the Petitioner's taxable income for 2000, 2001, 2002, and 2003.

III. DECISION

WHEREFORE, the Notice of Deficiency Determination dated September 16, 2005, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the Petitioner pay the following tax, penalty, and interest.

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$2,711	\$678	\$ 999	\$4,388
2001	2,119	530	617	3,266
2002	2,920	730	663	4,313
2003	2,847	712	496	<u>4,055</u>
			TOTAL DUE	<u>\$16,022</u>

Interest is calculated through March 1, 2007, and will continue to accrue until paid.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the petitioner's right to appeal this decision is included with this decision.

DATED this _____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2007, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]
[REDACTED]

Receipt No.
